

## Message Text

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INFO OCT-01 EUR-25 ISO-00 AID-20 CEQ-02 CIAE-00 COA-02

COME-00 DODE-00 EB-11 EPA-04 INR-11 IO-14 L-03 NSF-04

NSC-07 NSAE-00 PM-07 RSC-01 SS-20 SP-03 FEAE-00

CEA-02 EA-11 FRB-03 NEA-14 OPIC-12 TRSE-00 CIEP-03

LAB-06 SIL-01 SWF-02 OMB-01 TAR-02 STR-08 H-03 PA-04

PRS-01 USIA-15 DRC-01 /230 W  
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P 201640Z SEP 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 3672

UNCLAS SECTION 01 OF 02 OECD PARIS 22292

PASS EPA, CEQ, COMMERCE

E.O.11652:N/A

TAGS: SENV, OECD

SUBJECT: DRAFT RECOMMENDATION OF THE OECD COUNCIL ON THE  
IMPLEMENTATION OF THE POLLUTER-PAYS PRINCIPLE

REF: STATE 205700

1. FOLLOWING IS PARTIAL RESPONSE TO PARAGRAPH 2 REFTEL  
GIVING ENTIRE TEXT OF PPP ACTION PROPOSAL TO BE CONSI-  
DERED FOR SEPTEMBER 26, 1974 EXECUTIVE COMMITTEE MEETING.  
GUIDANCE WOULD BE APPRECIATED BY MISSION.

QUOTE:

THE COUNCIL,

HAVING REGARD TO ARTICLE 5(B) OF THE CONVENTION ON  
THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOP-  
MENT OF 14TH DECEMBER, 1960;

HAVING REGARD TO THE PROVISIONS OF THE GENERAL  
AGREEMENT ON TARIFFS AND TRADE;

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HAVING REGARD TO THE RECOMMENDATION OF THE COUNCIL

26TH MAY, 1972 ON GUIDING PRINCIPLES CONCERNING INTERNATIONAL ECONOMIC ASPECTS OF ENVIRONMENTAL POLICIES (C(72)128);

HAVING REGARD TO THE NOTE BY THE ENVIRONMENT COMMITTEE ON IMPLEMENTATION OF THE POLLUTER-PAYS PRINCIPLE (ENV(73)32, FINAL);

HAVING REGARD TO THE POSSIBILITY, APPROVED BY THE COUNCIL, OF HOLDING INFORMAL CONSULTATION ON THE GUIDING PRINCIPLES WITHIN THE OECD (C/M(74)16(FINAL), ITEM 157);

ON THE PROPOSAL OF THE ENVIRONMENT COMMITTEE:

I. REAFFIRMS THAT:

1. THE POLLUTER-PAYS PRINCIPLE CONSTITUTES FOR MEMBER COUNTRIES A FUNDAMENTAL PRINCIPLE FOR ALLOCATING COSTS OF POLLUTION PREVENTION AND CONTROL MEASURES INTRODUCED BY THE PUBLIC AUTHORITIES IN MEMBER COUNTRIES.
2. THE POLLUTER-PAYS PRINCIPLE, AS DEFINED BY THE GUIDING PRINCIPLES CONCERNING THE INTERNATIONAL ECONOMIC ASPECTS OF ENVIRONMENTAL POLICIES (C(72)128) MEANS THAT THE POLLUTER SHOULD BEAR THE EXPENSES OF CARRYING OUT THE MEASURES, AS SPECIFIED IN THE PREVIOUS PARAGRAPH, TO ENSURE THAT THE ENVIRONMENT IS IN AN ACCEPTABLE STATE. IN OTHER WORDS, THE COST OF THESE MEASURES SHOULD BE REFLECTED IN THE COST OF GOODS AND SERVICES WHICH CAUSE POLLUTION IN PRODUCTION AND/OR CONSUMPTION.
3. UNIFORM APPLICATION OF THIS PRINCIPLE, THROUGH THE ADOPTION OF A COMMON BASIS FOR MEMBER COUNTRIES' ENVIRONMENTAL POLICIES, WOULD ENCOURAGE THE RATIONAL USE AND THE BETTER ALLOCATION OF SCARCE ENVIRONMENTAL RESOURCES AND PREVENT THE APPEARANCE OF DISTORTIONS IN INTERNATIONAL TRADE AND INVESTMENT.

II. NOTES:

1. THAT THERE IS A CLOSE RELATIONSHIP BETWEEN A COUNTRY'S ENVIRONMENTAL POLICY AND ITS OVERALL SOCIO-ECONOMIC POLICY.
  2. THAT, IN EXCEPTIONAL CIRCUMSTANCES, SUCH AS THE RAPID IMPLEMENTATION OF A COMPELLING AND ESPECIALLY STRINGENT POLLUTION CONTROL REGIME, SOCIO-ECONOMIC PROBLEMS MAY DEVELOP OF SUCH SIGNIFICANCE AS TO JUSTIFY CONSIDERATION
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OF THE GRANTING OF GOVERNMENTAL ASSISTANCE IF THE ENVIRONMENTAL POLICY OBJECTIVES OF A MEMBER COUNTRY ARE TO BE REALISED WITHIN A PRESCRIBED AND SPECIFIED TIME.

3. AID GIVEN FOR THE PURPOSE OF STIMULATING EXPERIMENTATION WITH NEW POLLUTION-CONTROL TECHNOLOGIES AND DEVELOPMENT OF NEW POLLUTION-ABATEMENT EQUIPMENT IS NOT INCONSISTENT WITH THE POLLUTER-PAYS PRINCIPLE.

4. WHERE MEASURES TAKEN TO PROMOTE A COUNTRY'S SPECIFIC

SOCIO-ECONOMIC OBJECTIVES WOULD HAVE THE INCIDENTAL EFFECT OF CONSTITUTING AID FOR POLLUTION-CONTROL PURPOSES, THE GRANTING OF SUCH AID WOULD NOT BE INCONSISTENT WITH THE POLLUTER-PAYS PRINCIPLE.

III. RECOMMENDS:

L. THAT MEMBER COUNTRIES CONTINUE TO COLLABORATE AND WORK CLOSELY TOGETHER IN STRIVING FOR UNIFORM OBSERVANCE OF THE POLLUTER-PAYS PRINCIPLE AND THEREFORE THAT AS A GENERAL RULE THEY SHOULD NOT ASSIST THE

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POLLUTERS IN BEARING THE COSTS OF POLLUTION CONTROL WHETHER BY MEANS OF SUBSIDIES, TAX ADVANTAGES OR OTHER MEASURES.

2. THAT THE GRANTING OF ANY SUCH ASSISTANCE FOR POLLUTION CONTROL BE STRICTLY LIMITED, AND IN PARTICULAR COMPLY WITH EVERY ONE OF THE FOLLOWING CONDITIONS:

(A) IT SHOULD BE SELECTIVE AND RESTRICTED TO THOSE PARTS OF THE ECONOMY, SUCH AS INDUSTRIES, AREAS OR PLANTS' WHERE SEVERE DIFFICULTIES WOULD OTHERWISE OCCUR;

(B) IT SHOULD BE LIMITED TO WELL-DEFINED TRANSITIONAL PERIODS, LAID DOWN IN ADVANCE AND ADAPTED TO THE SPECIFIC CIRCUMSTANCES OF THE IMPLEMENTATION OF A COUNTRY'S ENVIRONMENTAL PROGRAMME;

(C) IT SHOULD NOT CREATE SIGNIFICANT DISTORTIONS IN INTERNATIONAL TRADE AND INVESTMENT.

3. THAT IF A MEMBER COUNTRY GIVES ASSISTANCE IN UNCLASSIFIED

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EXCEPTIONAL CASES TO NEW PLANTS, THE CONDITIONS UNDER WHICH THIS WOULD OCCUR BE EVEN STRICTER THAN THOSE APPLICABLE TO EXISTING PLANTS AND THAT CRITERIA TO HELP ACHIEVE THIS DIFFERENTIATION BE DEVELOPED.

4. THAT IN ACCORDANCE WITH APPROPRIATE PROCEDURES, PROGRAMMES TO PROVIDE ASSISTANCE BE NOTIFIED TO MEMBER COUNTRIES THROUGH THE OECD SECRETARIAT. WHEREVER PRACTICABLE THESE NOTIFICATIONS WILL OCCUR PRIOR TO IMPLEMENTATION OF SUCH PROGRAMMES.

(4. THAT TO THE EXTENT POSSIBLE AND IN ACCORDANCE WITH APPROPRIATE PROCEDURES TO BE WORKED OUT, PROGRAMMES TO PROVIDE ASSISTANCE BE NOTIFIED TO MEMBER COUNTRIES THROUGH THE OECD SECRETARIAT. WHEREVER PRACTICABLE NOTIFICATIONS WILL OCCUR PRIOR TO IMPLEMENTATION OF SUCH PROGRAMMES.)

5. THAT REGARDLESS OF WHETHER NOTIFICATION HAS TAKEN PLACE, CONSULTATIONS, AS MENTIONED IN THE GUIDING PRINCIPLES (C(72)128) ON THE IMPLEMENTATION OF SUCH PROGRAMMES WILL TAKE PLACE AT THE REQUEST OF ANY MEMBER STATE.

IV. INVITES THE ENVIRONMENT COMMITTEE TO REPORT TO THE COUNCIL ACTION TAKEN PURSUANT TO THIS RECOMMENDATION.

END QUOTE.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AIR POLLUTION, INSTRUCTIONS, TEXT, COMMITTEE MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**TAGS:** SENV, OECD  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005